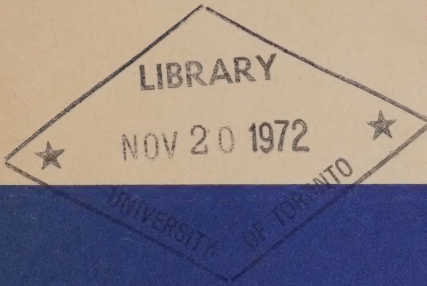


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COMMITTEE ON GOVERNMENT PRODUCTIVITY

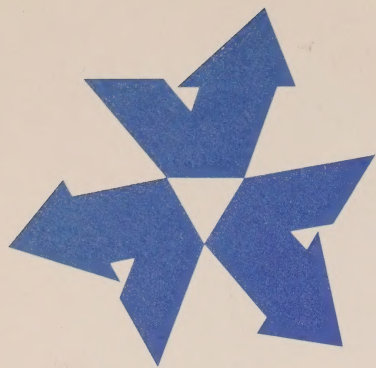
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INTERIM REPORT NUMBER EIGHT

*Report to the Executive Council
of the Government of Ontario
on Real Property Management*



November, 1972



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TO HIS HONOUR

THE LIEUTENANT-GOVERNOR OF THE PROVINCE OF ONTARIO

MAY IT PLEASE YOUR HONOUR:

We, the members of the Committee on Government Productivity, appointed by Order-in-Council, dated the 23rd December, 1969, to inquire into all matters pertaining to the management of the Government of Ontario and to make such recommendations as in its opinion will improve the efficiency and effectiveness of the Government of Ontario, submit to Your Honour, herewith, an eighth interim report containing interim recommendations relating to real property management.

John Slattery
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G. H. B. 25

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Amos

November, 1972



COMMITTEE ON GOVERNMENT PRODUCTIVITY
Ontario

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INTRODUCTION

The Province of Ontario is rich in assets. Second only to its most valuable asset, its human resources, are its holdings and use of real property. Early in our considerations of the management of provincial resources, we recognized that the substantial value of this asset deserved a detailed study. We therefore undertook two related projects:

Buildings

An examination into the management of the construction, utilization, deployment and costing of office buildings and other structures having a more specific use, such as laboratories, court houses, treatment centres and educational facilities.

Lands

An examination into the planning, development, maintenance and management of lands necessary for the furtherance of the Government's functional programs in areas such as recreation, economic development, communications and utilities, home and community environment.

Our findings and recommendations herein are based on these studies. Public real property includes lands, buildings and structures, but does not include movable items of property such as desks and equipment.

Because of the extremely high value and the large geographical and functional scope of the Province's real property assets, we concluded that any recommendations we could make, which would lead to implementation of improvements in real property management and utilization, would have a wide range of beneficial results.

Real property is a basic element essential to all public and private activity in Ontario. Because the Province's substantial requirements for leased space undoubtedly exercise a strong influence on the real estate market, and because its capital building program must have an important impact on the construction industry, we see a strong interrelationship between the provincial and private real estate sectors. With economically sound management of provincial property, we may reasonably assume an improvement in this relationship, to the advantage of the Province.

No exact figure of the extent or value of all public real property is available. In area about 90 per cent of the Province is held in the name of the Crown, notwithstanding a long and generous policy of land grants to settlers

in Southern Ontario and many scattered parts in the north. A large percentage of the Crown lands are rich in parkland, fresh water, electric power, minerals, timber and wildlife. Equally important, however, are the extensive public properties in the settled parts of Ontario; for example, the office buildings, highways, laboratories, treatment centres, educational facilities and correctional institutions.

This enormous heritage has a high social value. Its monetary value is also high. However, except in the instances we have identified in our studies, we have not calculated a dollar value for these assets. Most of them lack a ready market and are not likely to be offered for sale. Where the calculation of a market value is suggested, it is because we have recognized that dollars provide a measure for judging among alternatives.

Dollars provide only one means of comparing alternative decisions. Real worth is in the nature of property itself, its usefulness and growing value as a unique resource in our society. Land is the fundamental basis to which buildings and structures are additions or improvements. Land uses must take place within a fixed area, although in the long run it may be possible to change the ways in which particular lands are utilized. Sometimes, the advancement of technology or other factors permit a more intensive use of the land. However, in the short run, land suitable for a particular use is in much more limited supply. There is increasing competition for land between public and private sectors, various levels of government, and even among programs within government. Only through planned use are we likely to achieve balanced land development throughout the Province.

Therefore, we have considered how the use of the Government's real property would fit in with existing urban and regional development plans. Regional plans are important statements of government policy and do not form part of this study *per se*. But it was important to us that the management of public real property be made more responsive to these plans, thereby increasing the effectiveness of the regional development program.

POLICY SETTING AND PLANNING FOR LAND USE

In our earlier interim reports, a policy-setting structure was outlined for the Cabinet level. This included the Policy and Priorities Board, the Management Board, policy field committees and the ministries. These have been established and are now functioning. In this section, we offer our views on how major policy issues on land use would be dealt with in this structure. The use of publicly owned lands within a comprehensive regional development program for both public and private lands will be of significant importance in the years ahead.

Classifications

We recognize that policy and planning decisions on land use fall into three broad classifications:

- ♦ *Regional development and planning* of all land in the Province both public and private, which is used for the social and economic benefit of the people of Ontario.
- ♦ *Program planning* of Crown and other government lands required for program delivery purposes of operating ministries, such as parks for recreation, highways for transportation, timber resources for economic development, etc.
- ♦ *Office and buildings* requirements of land for offices, and special purpose buildings.

Interrelationships

In our Third Interim Report we set forth certain objectives underlying the new organizational structure for decision-making. These objectives reflected the increasing importance of considering alternatives in establishing priorities and the need to provide better coordination and integration of effort among operating ministries. We stated that:

In any organization, alternative possibilities give rise to differences of view. Looked at constructively, this fact of life can be considered as creating opportunities rather than problems. Open discussion and evaluation of all alternatives are basic to policy formulation. Therefore the new organization should be so structured that it affords maximum opportunity for alternative viewpoints to be heard and thoroughly debated.

Regional Development Planning

Land is a major resource of the people and Government of Ontario and one which requires effective analysis of alternatives and coordination among many ministries. The Treasurer of Ontario, in a speech given in June, 1972, on Design for Development Phase III, indicated that:

There is a growing sense of urgency to plan the use of economic and social resources carefully. They must be planned in such a way that economic progress is but a part of an overall strategy to enhance the lives of all of our people. The broader strategy must provide programs of education, health, housing, welfare, transportation and environment that will encourage a vibrant people.

The Province by its regional planning policy is attempting to guide a very careful use of the Province's resources, namely its land, its water and its air, in the best interests of all the people.

In the preparation of each regional or urban plan, a dialogue between the Government and the public must take place. The development of a plan is progressive, being based upon the views of people living in the area, but taking into account also their responses to proposals developed to reflect wider issues. Throughout the dialogue the Government must maintain a reasonably open mind on the degree of development in a region and the direction it should take.

The period of proposal and dialogue on a regional plan is an opportunity for all program managers in the Government to see how alternatives might affect their programs, and to make known their sometimes conflicting views. To provide the physical framework for regional development, some programs must grow at the expense of others. For instance, if parklands must be reserved for our growing cities, then natural resource industries such as timbering or mining may have to be modified or excluded from the area. If new cities are to be built, then some agricultural lands may be sacrificed to construction. It is neither desirable nor to be expected that changes can come about without discussion among all levels and ministries within government. There must be a structure where this discussion can take place.

Alternatives for Decision-Making in Land-Use Planning

Within the decision-making structure now in effect there are a number of organizational units which could be assigned responsibility for land-use planning. These include: the Policy and Priorities Board, the

Management Board, the Resources Development Policy Field, and individual ministries.

As a result of our study we have concluded that all of these elements should have some involvement in land-use planning, but that for certain parts of the decision-making process primary responsibility should be assigned to individual organizational units.

We concluded, for example, that Management Board should be responsible for the development of operating policies, the improvement of program management and the optimum use of resources within the Government, including its real property resources. On the other hand, the ministries, particularly those in the Resources Development Policy Field, should be involved in considering alternatives to establish priorities, and in planning for land use within the context of their own ministry. They would make recommendations to the Resources Development Policy Field on any planning likely to have significant impact on specific land use. We believe it necessary, however, that any decisions which individual ministries are recommending should be made within the overall framework of urban and regional development.

The Ministry of Treasury, Economics and Intergovernmental Affairs has primary responsibility for developing policy recommendations for the Government's urban and regional development. Because public land resources have a significant impact on land owned by private individuals, corporations and groups of individuals, and because the use of public land can have far-reaching effects on the quality of life in Ontario, the responsibility for assessing recommendations for urban and regional development should lie with the Policy and Priorities Board.

Substantive issues, such as whether Crown Lands should be leased or sold, would normally be raised by the Ministry of Natural Resources as an alternative for discussion at the level of the Policy Field Committee, before being referred to the Policy and Priorities Board and Cabinet. The new structure improves the manner in which policy questions are raised and permits the airing of issues and some discussion of alternatives among Ministers long before a recommendation is made to Cabinet.

Long-term commitments for publicly owned land are required for transportation, recreation and other government programs. Sometimes such commitments simply confirm a proposal put forward for land use on which all ministries are agreed. However, conflicting or alternative proposals require priority decisions. Responsibility for these decisions lies with the Policy and Priorities Board.

The Policy and Priorities Board, therefore, would be the focal point for land-use decision-making. First, it would establish the overall urban

and regional development framework. Second, specific recommendations being made by ministries to their Policy Field Committees would ultimately be considered by the Policy and Priorities Board. It would be the Board's responsibility to relate and perhaps reconcile the specific recommendations to the framework which it has approved.

It may be some time before an overall land-use framework is in place which will act as a guide to both the Policy and Priorities Board and ministries in assessing the desirability of specific and individual land-use policy recommendations. Indeed, even when a framework is in place it will certainly not be static but will constantly be evolving. Nevertheless, we believe that the importance of planning is such that it requires the Policy and Priorities Board to integrate the specific proposal into the general framework.

Therefore we recommend that:

- 11.1 The Policy and Priorities Board of Cabinet continue to be responsible for recommending overall land-use policy to Cabinet in the form of urban and regional development plans.**

Analytical Support to the Policy and Priorities Board

As indicated, there is a need for integration in land-use planning among all programs and ministries which in our opinion is best exercised by the Policy and Priorities Board. As well, since regional planning and development depend for implementation on the exercise of powers by the federal and local governments, it will be desirable that the Cabinet committee responsible for land include the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs. This Minister is not a member of any of the policy field committees, but is a member of the Policy and Priorities Board.

Following adoption of our proposed restructuring of government, the Policy and Priorities Board was established and assumed responsibility for recommending major land-use policies and plans to Cabinet.

The Policy and Priorities Board will require expert staff support to permit it to evaluate the alternatives and major issues without becoming immersed in detail. Because various ministries have primary interest in land use, the appropriate staff expertise in these ministries should be used to the fullest to advise the Board. These staff resources include the Ministry of Treasury, Economics and Intergovernmental Affairs.

A primary function of this Ministry is to develop recommendations for overall fiscal, economic, regional and intergovernmental

policies and to provide information and advice to keep programs within the three policy fields consistent with these policies. With regard to land-use policy and planning, we see the Minister having an integrative role. As a member of the Policy and Priorities Board, he would use the expertise within his ministry as a source of staff support to the Board on policy matters affecting all public and private land. Moreover, the Ministry would, through the technical committees, work with other ministries in developing broad urban and regional policy recommendations.

This process is well established. Since 1966 the Regional Development Branch of the former Department of Treasury and Economics has developed a process which blends various contributions into an effective regional plan. It has published a series of preliminary reports covering each of the ten economic regions of Ontario as part of Phase II of the Design for Development Program. Its initial analyses have evolved with the assistance of large numbers of interested people in each area, including officials in most ministries of the Government.

The process for the development of regional plans has not changed much in the past six years. The Treasurer announced recently the creation of five regional planning areas, in place of the ten former study areas, and new advisory groups. We see these groups serving in an advisory capacity to the Policy and Priorities Board of Cabinet either directly or indirectly. They include:

- ♦ five new bodies, one for each planning region representing business, commercial and academic interests, as well as five counterpart municipal groups, one for each planning region.
- ♦ a committee of senior public servants to form the Advisory Committee on Urban and Regional Planning under the chairmanship of the Deputy Minister of Treasury, Economics and Intergovernmental Affairs. It would have an expanded representation so that all policy fields are involved. The committee would deal with policy issues relating to regional and local government planning and development.
- ♦ five new Regional Advisory Boards comprised of senior public servants in the field programs of various ministries to advise during the preparation of policies and to ensure that the regional perspective on provincial programs is built into the regional planning process.

Therefore, in matters affecting land use as part of regional development policy, the Board can look for support from the program staff in the Ministry of Treasury, Economics and Intergovernmental Affairs who would encourage and comment on the opinions and advice of advisory groups both within and outside the Government. This support would be

available through the Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs.

Another element in the staff resources available to the Policy and Priorities Board can be provided by the ministries in the Policy Field for Resources Development.

With regard to specific land use for government program delivery, sources of expert staff support exist within operating ministries, such as Natural Resources, Transportation and Communications, and Agriculture and Food. Their land-use policy and planning development should be in the context of the broader regional development programs to which they will have contributed in cooperation with the division of the Ministry of Treasury, Economics and Intergovernmental Affairs.

The need for effective coordination and integration between many ministries cannot be overemphasized. By way of example, a recommendation to reserve a large park area should be considered by the Policy and Priorities Board even if the reserved area had little potential for timber production or mineral extraction. It is obvious, also, that a major plan for development by the private sector of an area adjacent to Crown land would inevitably have a substantial bearing on any decision for utilization of the public land. Similarly, the recommendation to redevelop an important urban property for a major concentration of government office buildings should be put before the Policy and Priorities Board, who must determine if the property is being used now at its maximum potential; if it could be used for a similar purpose with equal potential; or if it should be put to a quite different use.

The establishment of the new Cabinet structure with the required support staffs prompted the decision to discontinue the former Ontario Parks Integration Board. It has served in the past to develop policy on recreational areas, giving guidance to programs in several departments, commissions and agencies. However, the process of policy development we have proposed in this, and in our earlier, interim reports is designed to leave more initiative within the ministries. For instance, policy alternatives on parks will be developed within the Ministry of Natural Resources and the Resources Development Policy Field.

When alternatives exist among programs within a ministry, the choice could be made within that ministry. However, in some cases other ministries may put forth alternatives. In these cases, as well as in instances in which proposals come from different ministries within the same policy field, or from different policy fields, it is clearly the responsibility of the Policy and Priorities Board to deliberate upon the alternatives and make recommendations to Cabinet.

When recommendations are made to the Policy and Priorities Board, the alternatives will be considered against a broader set of objectives from all policy fields and from the Ministry of Treasury, Economics and Intergovernmental Affairs. The Board makes its recommendations to the full Cabinet, which bears collective responsibility for the policy alternative it approves.

Therefore we recommend that:

11.2 Decisions on all land-use policy matters brought before the Policy and Priorities Board be from among alternatives recommended by one or more Ministers.

In summary, land-use issues fall into three categories: regional development and planning, program planning and office and building requirements. Primary responsibility for each should be assigned logically to different organizational units within the decision-making structure, all coming within the integrating influence of the Management Board. We suggest the following assignments, including the prime support groups involved in each category:

RESPONSIBILITY	REGIONAL DEVELOPMENT AND PLANNING	PROGRAM PLANNING	OFFICE AND BUILDING REQUIREMENTS
Minister responsible for submissions to Policy and Priorities Board	Minister, Treasury, Economics and Intergovernmental Affairs	Provincial Secretary for Resources Development	Chairman of the Management Board.
Prime Support Groups	Advisory Committee of Deputy Ministers and Urban and Regional Development Division of Treasury, Economics and Intergovernmental Affairs	Policy and Planning Divisions of Operating Ministries and Secretariat of Policy Field Committee	Policy and Planning Division of Ministry of Government Services and Management Board Secretariat

Up to this point attention has been directed to land-use policy development centering on the Policy and Priorities Board. However, we recognize there will be many other instances of policy setting and planning for real property resources by the policy field committees and the Management Board. These exceptions should be developed further during the implementation of this report.

PROGRAM MANAGEMENT AND EVALUATION

Underlying many of our recommendations in previous interim reports is the concept that program managers in operating ministries would be delegated substantial authority and responsibility to manage resources within operating policies and procedures established by the Management Board. Program managers would set program objectives, develop long and short-term plans for approval of Ministers and the Policy and Priorities and Management Boards of Cabinet. In addition, they would be held accountable for the efficient and effective achievement of objectives. This requires a scheme of formal evaluation by each ministry and by the Management Board.

Our recommendations on the management of real property resources are consistent with this concept. Other principles reflected in the recommendations include:

- ♦ Program managers are responsible for the costs of utilizing all resources placed at their disposal for delivery of program services.
- ♦ Common services provided to ministries should be supplied by the Ministry of Government Services on a cost recovery basis and, where appropriate, subject to competition from outside the Public Service.

Responsibility for Managing Real Property Resources

We examined the present practices for real property management recognizing that land and buildings integral to program delivery fall broadly into two types.

The first includes the acquisition, construction, utilization and maintenance of certain resources which pertain to a particular program. For example, these would include responsibility for managing highway rights-of-way with their related structures and works, parklands, properties with mining potential, waterways and facilities within the jurisdiction of the Province, and power-generating facilities and transmission lines. In these cases we agree that responsibility for management and the functions of acquisition, construction, maintenance, etc., should continue to be vested in the responsible ministry.

The second includes office accommodation and other buildings or structures requiring special professional and technical skills. These usually can be provided best by a common services ministry. In this area of real property management, responsibilities and relationships would include the following:

- ♦ Management Board would establish policies, procedures and standards on recommendations from appropriate support groups, located within its Secretariat or elsewhere, who have the required expertise in functions of real property management.
- ♦ Program managers would determine and plan their requirements for building and other real property resources, which are presented to the Management Board for approval and provision of funds.
- ♦ The ministry providing common services would have the staff expertise and would provide such services to operating ministries on a cost recovery basis.

Therefore we recommend that:

11.3 The responsibility for managing the real property resources used in a program rest with the program managers, within the budget estimates, policy guidelines and standards approved by the Management Board.

We found neither great difficulties, nor dissatisfaction, with the system of funding the Government's capital construction and major renovation and repair program through the Ministry of Government Services. This ministry has the experience, expertise and administrative capability to supervise adequately this important program. Retention of the program in the Ministry of Government Services would also enable the Management Board to exercise broad supervision over capital expenditure by a regular review of the program of one ministry, resulting in a desirable degree of centralization.

Therefore we recommend that:

11.4 The responsibility for the Government's capital construction, repair and renovation program continue to rest with the Ministry of Government Services, within the budget estimates, policy guidelines and standards approved by the Management Board.

Program Budgeting and Costing

In the past, the Treasury Board dealt with estimates of capital expenditure, rentals and other operating costs related to property mainly in the budgets of the principal departments with responsibility for property management. These were the former Departments of Transportation and Communications, Lands and Forests, and Public Works. The estimates of the first two of these departments affected programs only within those departments.

In reviewing these estimates, the Board and the responsible program managers dealt with one another directly on matters such as proof of need and projections of cost. Perhaps working so closely together built trust and confidence. In any event, the Board tended to allow program managers in Transportation and Communications, and Lands and Forests a fair degree of latitude once the overall program estimates and their major parts had been approved. We found that managers in these programs generally were satisfied with the degree of responsibility they were given, and with the high professional standards they were able to maintain.

The practice in reviewing the estimates of the former Department of Public Works, now a part of the Ministry of Government Services, was different. The estimates of that department contained funds to provide and maintain a broad range of lands, buildings and structures needed by programs in all departments of government, including some specific facilities for the former Departments of Transportation and Communications, and Lands and Forests. The priorities which were reflected in the Department of Public Works budget resulted from an assessment of a program's need for a particular facility. This assessment was clearly not one which could be made by Public Works and in any event would not have been acceptable to the other departments. Assessment was undertaken by the Treasury Board and its staff. In the process, the responsibility for proving a need for the facility or for its continuing operation, which rested with the program, was separate from Public Works' responsibility for acceptable capital costs, rental charges, or operating and maintenance costs.

It is our expectation that the task force implementing our recommendations will look carefully into the present process of estimates review, recognizing that many of the recommendations we make here will not be accommodated easily. We are proposing that programs include within their budgets an amount for rental whether or not they are housed within government-owned facilities. It is to be hoped that a practice may be worked out whereby occupancy costs might be reviewed in the context of other costs for each program. We suggest capital expenditures by the Ministry of Government Services should be contingent upon prior approval of rentals which would be paid to the common services ministry from within operating program estimates.

Therefore we recommend that:

- 11.5 As part of its review of the budget for each program, the Management Board examine, in such detail as it considers necessary, the estimates of capital expenditure, costs of rentals and other real property requirements, and operating costs of accommodation necessary to support the program.**

The prime objective behind our recommendations for cost allocation is to make the program manager responsible for the costs he can control in achieving his program goals. The Management Board would lay down ground rules and would have an opportunity to review the manager's expenditures for accommodation. At present there have been very few forces at work to make the program managers more aware of the cost of the property resources required by their programs. Proposals for new facilities have not been presented with cost projections for alternate ways in which the same program goal might be achieved. Program estimates have never included amounts for rental and other overhead. Public Works provides accommodation "rent free" to the programs, including utilities and maintenance. Grants in lieu of taxes were paid from funds voted to the Department of Municipal Affairs. Frequently program decisions were made which did not take this hidden cost into account.

Beyond this, government practice has been to treat capital expenditure as current charges on the Consolidated Revenue Fund. On the face of it, this has made some sense. Government has a continuity and a revenue-raising power which guarantees that capital projects begun in one year can be completed from funds voted in succeeding years. The power of the Legislature to vote monies annually is a keystone tradition of our government. However, the freedom from need in government to set up depreciation or amortization on capital investments in real property has prevented the accounting and disclosure of the annual cost of owning a property. Therefore, in the continuous assessment of program alternatives, occupancy costs have not been taken into account. Also for properties rented, the rented cost to secure the property has not been charged to the program but has been buried in the expenses of the Department of Public Works.

We believe that an uncomplicated system could be developed whereby funds covering rental or real property resources would be provided to a program and collected from the program by the Ministry of Government Services through a simple billing system. In addition, we have concluded that the effective delegation of responsibility from the Management Board to the program manager depends upon a comprehensive and realistic internal accounting system which allows a chargeback of costs.

Accordingly, we recommend that:

- 11.6 The Management Board establish an internal financial accounting system designed to allocate to program managers the cost of utilization of their real property resources in relationship to the cost of their program, thereby presenting the managers with an incentive to make responsible decisions on the requirements for, and provision and use of, their resources.**

The system must contain an implicit incentive. No manager should be expected to make a decision which he cannot see as benefiting his program, although the decision might be reversed later by the Management Board for reasons appropriate to broader considerations. The system will be realistic and useful if it is simple rather than complex. For instance, if costs were charged back quarterly, that would be often enough. The creation of a massive property accounting operation would be misguided.

For program managers to be charged rentals for the real property resources they use, monies will have to be provided to the program ministries, primarily through funds voted annually by the Legislature.

Therefore we recommend that:

- 11.7 The Management Board develop a procedural policy to enable monies required for the rental and maintenance of the real property resources required by each program to be provided in the annual budget of the program, by legislative or other authority.**

We believe that a basic administrative mechanism to establish and collect rents for accommodation resources now exists within the Ministry of Government Services, although some organizational and procedural refinements within the Ministry might be necessary.

A chargeback of costs on all assets in the form of an annual rental serves a purpose in keeping this cost in front of the manager. Even in the case of buildings for which a convenient alternate use does not exist, such as correctional institutions, the program manager would be aware of the amount of his budget consumed by rent, maintenance and other occupancy costs. It is possible a more economical alternative may be available before the building is fully amortized and the manager can demonstrate savings by switching to the alternative. He should know his costs well enough to do so.

We recognize that a line should be drawn between assets for which a property rental is charged to the program and those for which no occupancy costs are allocated. Initially, the allocation of rental might be limited to buildings and some vacant lands. Crown lands would not be included in this category, nor would utility or transportation corridors, as they would be an integral part of the program and not merely serve it.

If the property is a building or a piece of land under lease to the Government, the gross rent, including maintenance and utilities, could be determined readily. If the Government owns the property, the process of arriving at a satisfactory rental would be slightly more complex, but not impossible.

A base rent could be established by setting up an amortization schedule on the original cost for those institutional buildings, such as detention centres, which have no open-market value. In the case of normal office facilities it would seem sensible to charge a rent which would reflect more closely the market value of the buildings and land. This rent might be calculated at intervals, using the value appraised for assessment purposes under the provincial assessment program. In most cases given the equalizing forces in the market, this would result in rent allocations comparable to the costs of leasing similar facilities in the area. Special attention would have to be paid to the allocation of rent for government owned buildings built to higher standards than privately owned buildings which could house the program with equal effectiveness. If we term the difference in building costs to be a cost for "government presence", this is not to say that expenditures for open spaces, public art or rooms for public meetings are not warranted. However, we believe they should be recognized separately from the costs of constructing accommodation which would be comparable to that available by leasing from a private owner.

Therefore we recommend that:

11.8 Programs be charged a rental for real property accommodation resources they use, based on the total rental costs the Government pays for properties it leases; or, where the Government is the owner, a rental rate based on comparable facilities; or, for institutional buildings which have no open-market value, a rental rate based on an amortization of cost formula; or, where present day costs are not determinable, a rental rate based on the calculated value of government occupancy.

Maintenance, utilities and grants in lieu of taxes, as well as other charges, should be included in the rent where they are specifically and individually charged back to the occupying program. The rental would vary with the program's portion of space in shared premises.

We recognize that implementation of our recommendations will require further analysis by the Management Board to determine to what extent program management will be improved by a system of full costing, and to justify the degree of sophistication such a system should develop. It may be that, in spite of being given a large degree of autonomy over the financial management of a program's real property resources, some program managers will not find this sufficient incentive to utilize the resources to their maximum use/cost potential. It may be necessary for the Management Board to establish some indices against which the cost/need/use of real property may be measured.

PROPERTY SERVICES

Certain recommendations in our Third Interim Report have been adopted:

- ♦ A Ministry of Government Services was established with responsibility for the provision of common services.
- ♦ The Minister of Government Services is a member of the Management Board.
- ♦ The following principles have been applied in the delivery of common services:
 - a) policy and standards on the delivery and use of common services be approved and promulgated by the Management Board;
 - b) charges for services provided by the Ministry of Government Services be levied to customer ministries on a full-cost basis;
 - c) ministries be allowed to obtain services within or outside the government;
 - d) some of the common services need not be centralized under the Ministry of Government Services but could be delegated to units within ministries that have specialized expertise.

The role of the new Ministry of Government Services in connection with real property will be based largely on the skills found in the Provision of Accommodation Program formerly in the Department of Public Works (D.P.W.). In the past, D.P.W. has had responsibilities not clearly defined in legislation. Both the Department and its client departments agreed that Public Works tried to combine a service role with a sense of custody over properties and property funds for which it was responsible.

Service and Control

Funds have been voted annually by the Legislature to the former Department of Public Works for upkeep, renovation and additions to buildings. Funds were also voted to the Department to carry out all of the Government's capital construction program, except that undertaken by some semi-autonomous boards and commissions.

The Department was required to provide space to accommodate approved programs, although it was not compensated by the tenant departments. While succeeding admirably in keeping pace with requests for

space during this last decade of great expansion in the Public Service, and while upgrading existing accommodation until it now compares favourably with that found in the private sector, D.P.W. was inclined to screen and challenge requests for space against its standards for accommodation. It is understandable that D.P.W. would try to exert some control since it shared with the tenant department the responsibility for justifying the expenditure to the Treasury Board.

In comparison with the control exerted by the Treasury Board over the spending of funds for other programs, the control over the Provision of Accommodation Program was closer and more detailed. There are a number of reasons:

- ♦ First, where two or more departments could occupy the same building, the Treasury Board often wished to coordinate the location of accommodation in the interests of public convenience.
- ♦ Second, the Treasury Board had an overall interest in ensuring working conditions for the Public Service which compared favourably with the private sector and did not differ from department to department.
- ♦ Third, since the size and timing of major Public Works projects could have a real impact on the need for borrowed funds, the Treasury Board could not afford to lose sight of the capital works program.
- ♦ Fourth, the Treasury Board was also responsible for approving the number and type of staff positions allowed to a program, and it has an interest in coordinating manpower projections and the provision of accommodation.

Inevitably, the Board's concerns were passed along to D.P.W. where they became a contentious issue in dealing with client departments.

Role of Ministry of Government Services

The effect of our recommendations, in addition to those in the Third Interim Report establishing the Ministry of Government Services, will be to draw a greater distinction between the service and control roles. As a basic principle, the availability of common services will be centralized, recognizing and providing for important exceptions. This centralization is desirable because performing property services requires a range of skills which cannot be spread efficiently among many ministries. It is also our belief that both service and control functions should be separate from, but complemented by, the responsibilities for public programs located within the policy fields and ministries.

The Management Board exercises control over program managers by establishing policies and standards, and through its authority in the approval of estimates. Within the guidelines set down by the Board responsible program managers would have decision-making latitude to determine the amount and quality of space. The Ministry of Government Services as the landlord would be required to meet these demands efficiently and to the satisfaction of the tenants.

The Ministry of Government Services has developed standards in areas such as space allocation, furniture and furnishings, janitorial services, maintenance of technical equipment, etc., and is developing others, all of which have been or will be approved by the Management Board. We believe the adoption of standards in the provision and maintenance of accommodation to be in the best interests of efficient and economical utilization of real property resources.

Within the property services function there are several activities performed in connection with providing accommodation to programs, such as acquisition, leasing, design, construction, maintenance, management and disposal. These activities require the specialized skills of a number of professional and semi-professional staff. Not only is the professional training for each skill different, but once the skill is practiced, these emerges, in some cases, a geographic specialization, in others, a specialization in a particular type of job and an interdependence among skills which is essential to the whole undertaking. The scale and continuous nature of the Government's property work have tended to reinforce the specializations, which have been brought to a high level in the Ontario Housing Corporation and the three former departments with major property management capabilities: Public Works, Transportation and Communications, and Lands and Forests. Within these units there has been a concentration of property service skills which would have been much less effective if divided up more or less evenly among departments.

The Department of Public Works, by the nature of its responsibilities, developed a capability more broadly based than that of either of the other two departments and O.H.C., whose property service groups, by the same token, had a special expertise not found in D.P.W. Each formed a close and productive working relationship with the programs to which they were attached. It is unlikely there would be significant increases in efficiency if these groups were to be taken out of the organizations within which they are located at present, and placed within the Ministry of Government Services. Indeed, there might be some loss of their present effectiveness.

Recognizing the need for a flexible approach to bringing property services together into as few centres as possible, and in conformity with principles suggested in our Third Interim Report and proposed elsewhere in this report, we therefore recommend that:

- 11.9 The Ministry of Government Services provide or acquire all common real property services required by Government programs on request by, and to the satisfaction of, program managers, except where the Management Board sanctions an exception based on specialized expertise.**

The initiative should rest with the ministries to offer the Management Board reasons to make an exception for a unit of specialized expertise, and the Board should look at each unit as a separate case. Some possible criteria the Management Board might use are noted here. First, the unit's expertise should be needed principally, and on a permanent basis, by programs in the ministry in which the unit is located. Second, there must be a volume of work to warrant making an exception; proposals for new units would need a good deal more justification than those already established.

Secondment of Specialized Staff

It is expected that exceptions would not be irrevocable. There would be a review of excepted units from time to time as the Ministry of Government Services develops its technical service role, and as the volume and type of service needed by various programs changes. The excepted units would not be permitted to perform property services for programs in other ministries except at the request of the Ministry of Government Services. It is implicit that the units would not offer a full range of property services even in their own ministries. The Ministry of Government Services would take up where their own specialized expertise left off.

There may be some instances where a ministry or agency has a program which will require some specialized property services over a period of years. For instance, an expansion of hospital facilities or a renovation program expected to last for several years might require the full-time services of architects or engineers who are experienced in the design of this sort of building. But after a few years, the program would reach a peak and then return to a level of occasional need for common real property services. In such cases, the ministry would need experienced property staff, who are familiar with the technical and other aspects of the program. Exceptions should not be permitted for these temporary situations. There is the likelihood that the specialized groups may have a tendency to continue beyond the short-term period creating work to ensure their continuity at a higher level of cost than if the Ministry of Government Services provided the staff resources.

Small real property service units which almost duplicate services offered by the Ministry of Government Services are less efficient in their

work because they become tied to the rate of progress of a few projects, rather than being able to work continuously on a selection from a larger number. Because of the limitation in their scope, without occasional variation in assignment to provide additional experience, and without the variety of quite different projects, these isolated and small units will offer generally less effective service.

We therefore recommend that:

11.10 When ministries or agencies undertake major programs requiring real property services on an extended but not permanent basis, staff be assigned from the Ministry of Government Services to work exclusively on these programs.

Charges for Staff Services

We believe it is appropriate for the Ministry of Government Services to charge client ministries on a full-cost basis for the provision of technical and consulting staff services. We do recognize this may require some time to put into effect. Primarily, we urge that initial emphasis by the Ministry of Government Services be placed on the quality of its service and gaining the confidence of the client ministries. Second, the allocation of even partial charges or standard fees will be a large step forward and must not, in its early stages, become cumbersome or complex beyond the cost allocation practices in other areas of service.

From the point of view of the Ministry of Government Services, it is desirable to charge for service. However, the Ministry needs a mechanism to ration its services so that the choice among ministry requests will not be arbitrary. If the program manager in the operating ministry is to make better decisions, he needs a cost estimate to evaluate his need for a real property service and for resources required to meet his program goals.

For many of the services the Ministry is to provide, comparable services are offered in the private sector at fees tending to be competitive and approaching full cost, including an amount for profit. For instance, architect's fees are normally a fixed percentage of the cost of the job. Real estate appraisers usually quote a contract price for the evaluation of a building or property. In setting its charges, the Ministry could adopt these fees. For other services offered by the Ministry, there may be fewer external agencies which could perform the services, and hence there will be fewer benchmarks. In these cases, an approximation of the average skills and time necessary to do a reasonable service will allow the Ministry to develop its own standard fees.

Therefore we recommend that:

- 11.11 The Ministry of Government Services set its charges for real property services on the basis of private sector fees, where comparison of the service can be made, and upon internally developed standard fees where no commercial fee benchmarks exist. The schedule of charges should be subject to the approval of the Management Board.**

Pending the development, over a longer term, of charges based on full cost, there are certain advantages to using local commercial fee schedules today, although recognizing, that these schedules may require adjustment. First, the schedules eliminate many of the problems and delays in calculating full-cost fees. Thus the cost allocation system may get under way more quickly. Second, there is no way of knowing whether the new Ministry will be more, or less, efficient in its work than firms in the private sector. By requiring the Ministry to charge a scale of fees competitive with the private sector, the amount by which these fees fall short of the actual costs of running the property services units will be partly an index of comparative efficiency. It will indicate, too, the cost of any services for which a fee cannot be charged, such as advising the Minister or Members of the Legislature. This total deficit, if it existed, would be the amount of the legislative grant to the property service program.

Source of Supply for Services

One advantage in obtaining property services from within or outside of the Government, would be to encourage a flexibility in the source of service supply. We suggest, for an initial period at least, a limited implementation of the principle, recommended in our Third Interim Report, that ministries be allowed to obtain services within or outside the Government.

This could mean savings in time where the promptness of service was important. The opportunity to compare costs of service from alternative sources also might mean some savings of money. While it is recognized there are instances where outside suppliers of service may not be appropriate — for instance, in providing information requested by a Minister or a Member of the Legislature — in the majority of cases there are competent people both inside and outside the Government who are able to provide comparable services. At present, a large part of the services in building a highway or constructing a government building are provided by outside engineers, architects and construction firms. The principle of purchasing services outside is not uncommon in the Government. It has been used extensively in such functions as construction and design, but less in other functions such as maintenance, building management and property acquisition.

In all functions where alternative ways exist to provide service, there seems to be an advantage in developing a balance between internal and outside suppliers. The Government's need for services fluctuates depending on the season, the level of new construction activity in a particular year, and other factors. This will mean lay-off or underutilization of skilled people in a phase of reduced service activity, if there is no contracting-out of work. Like any enterprise facing periods of peak and slack demand, the Government has an interest in staffing to meet a basic work volume, not the peaks. It will want to minimize the substantial costs and disruptions to morale caused by waves of recruitment and lay-off. At the same time, the Government cannot afford to go to the other extreme of contracting-out essentially all of the technical property service functions. In addition to the need for a capacity to provide confidential or unique services in the Public Service, those supervising outside purchases should be able to improve and advance their technical skills from time to time on jobs undertaken internally. It will be up to those implementing this report to establish the patterns of work rotation, the functions where it is relevant, and other considerations. These will depend, in part, on the proportion of the whole service load which is provided by outside sources.

There is no way to prove conclusively what the best balance will be between inside and outside real property services. We tend to favour an effective balance, as defined below, on the total volume of technical property services performed. Our reasons are:

- ♦ First, it should make easier the establishment of fees for services provided by the Ministry of Government Services, when there is a wide opportunity for contact and comparison between the Ministry and private sources.
- ♦ Second, with an opportunity to contract out on large scale, a wider variety of specialized services will be available to the client ministries than the Ministry of Government Services could maintain efficiently on a standby basis.
- ♦ Third, within the mix of services which could be supplied from within the Ministry of Government Services, the variety and volume would continue to attract and support a good professional staff.

The maintenance of a broadly skilled capability is essential to the provision of technical services, administration of the contracted work, and advice on request. An effective balance between internal and external sources would mean significant competition and would improve both government and private suppliers of service.

In our opinion, an acceptable balance could be achieved if the volume of technical property services requested of the Ministry of

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Government Services were to be split about evenly between those performed by the Ministry's staff and those purchased outside. However, this is not to suggest that each subactivity could not reflect a balance more appropriate to actual circumstances. For instance, maintenance might be very largely purchased from outside sources, while more appraisal might be done by the Ministry's staff than by outside appraisers.

It is our philosophy that the program manager should be free to make decisions affecting his program, taking account of the interests of the Government as a whole. In many cases, it is apparent that program managers at present have neither the experience themselves nor advisors within their ministries with the ability to discriminate among alternative suppliers of property services. They must depend upon the assistance of the Ministry of Government Services.

Therefore, it is important to ensure that the Ministry of Government Services has an opportunity, protected in the initial stages from the full force of competition from the private sector, to develop a property service capability which is responsive to the program managers. The Ministry will also become partly dependent on fees. If the Ministry were expected to make the change immediately to compete on an equal basis with outside suppliers of services, we doubt that the Ministry's present standards could be maintained. The Ministry's experience and capability are a necessary resource to policy development and a backup support for the Government which should not be undervalued. As an example of the backup support, when the general contractor on a major government project went bankrupt recently, the Department of Public Works immediately took over and completed the project on schedule.

The efficient and effective provision of services to the public requires that managers be more concerned with obtaining good service at competitive costs, regardless of the source of the service. The Ministry of Government Services is likely to provide service of a higher quality if it has flexibility in choosing the source. The choice should be based on the Ministry's professional opinion. It could be to acquire the service outside of government, or to undertake the job using the resources of its own staff. In this choice the Ministry's program managers should have the same opportunities to manage their programs as those which we advocate for managers of programs in other ministries. As recommended, it should charge competitive fees for all property services performed by the Ministry.

Accordingly we recommend that:

- 11.12 Property services from sources outside the Government be obtained for the program manager by the Ministry of Government Services except for services provided by units of specialized expertise which have been sanctioned by the Management Board.**

11.13 The Ministry of Government Services be responsible for deciding whether it can provide the service with its own staff, or whether it must go to an outside source.

11.14 In instances where the program managers and the Ministry of Government Services disagree on the quality or cost of the property service, the matter be referred to the Management Board.

Cleaning and Maintenance Services

Our preference for outside purchase of some of the things which governments do today is based on the belief that governments ought to restrict themselves to what they do best and are uniquely capable of doing. Because of a lack of information, we were able to investigate the cost advantages of contracting for outside maintenance services in only one case. In the investigation of the maintenance of government owned buildings by Public Works staff, our sample provided little upon which to base a comparison. The buildings studied were fairly conventional office buildings in Toronto. Two of them had been built by developers with private clients in mind, but were later purchased by the Government. These buildings lacked any unusual amenities which could contribute to higher maintenance costs and were built from materials of average quality. Our comparisons of maintenance costs and effectiveness were made against widely recognized standards for maintenance costs developed for private buildings by the Building Owners and Managers Association, the Institute of Real Estate Management, and other property management organizations.

The comparison was handicapped by a lack of adequate information within the Department of Public Works to assist with performance measurement and cost control. Perhaps it is not surprising that the practice of contracting out for maintenance has been slow to develop, since there have been few performance specifications to guide those wanting to tender for cleaning and maintenance contracts. Possibly because of the lack of performance specifications, the level of maintenance services provided by the Department of Public Works has tended to be higher, rather than lower, than in the private sector. These factors, plus the requirements of ministries for special or unusual maintenance services, have pushed the operating costs for general purpose government buildings significantly higher than private sector standards.

In conformity, with the recommendations we have made for the Ministry of Government Services to provide all real property services, including cleaning and maintenance, by contracting the work to other

sources or by using its own staff, we recommend that:

- 11.15 Substantially all cleaning, maintenance and repair service for general purpose buildings be contracted gradually to sources outside the Government.**
- 11.16 Standard specifications for cleaning and maintenance be developed to guide contractors bidding on contracts and to permit evaluation of performance.**

In our opinion, greater efficiency at lower costs would result if the Government follows the practice which is common among private companies to engage more outside contractors for cleaning and maintenance. Also, because many private contractors have developed cost-control accounts, the Government could acquire immediately better information on operating costs. The Ministry of Government Services would need to evaluate performance against its specification standards, based on audited costs.

Building management for private buildings, including supervision, repairs, leasing, rent collection, keeping of accounts etc., as well as cleaning and maintenance, is often turned over to property management agencies. The full range of services these agencies provide may not always be appropriate for government owned buildings; however, consideration should be given to contracting to the private sector on an experimental basis, the management function for some general purpose public buildings.

In contrast with general purpose buildings, special purpose buildings require specialized maintenance for which an outside supplier may be neither appropriate nor available. Normally, the program manager would be responsible for securing this maintenance through the Ministry of Government Services. None of our recommendations on maintenance is meant to preclude operating ministries undertaking a portion of their own routine maintenance and repairs, by arrangement with the Ministry of Government Services. Several current examples exist where small jobs are part of the therapy program for patients and inmates in hospitals and custodial institutions. In some special purpose installations, maintenance of the building and grounds is almost inseparable from the operating program. We envisage the Ministry of Government Services suggesting that the program undertake its own maintenance where the property is physically isolated, where the service function could be done by the operating staff, or where some small jobs were a desirable part of a hospital, school, or other institutional program. Whereas the inflated costs of maintenance undertaken as therapy would be borne by the program's budget, there would be some adjustment in rents to reflect normal maintenance costs not incurred by the Ministry of Government Services. The Ministry would continue to be responsible for periodic inspections of boilers and technical equipment; it would undertake major repairs, and, as with other services, charge a standard fee for the work it undertook.

Management Information Systems

An additional area of responsibility for the Ministry of Government Services would be to provide managerial information related to property. Reliable information is the basis for better decision-making by the program manager. However, in the past it has not been generally available to support the management of real property. We have identified three basic types of information which should be developed: a property inventory; information for to land-use planning, and cost information.

An inventory is basic to a property information system. Some information is available today in a number of places. The Ministries of Natural Resources and Transportation and Communications keep records on the specific types of real property they manage. The former Department of Public Works has kept data on buildings, vacant land and structures over which the Department had control; this data bank, which is neither complete nor very descriptive, has been taken over from Public Works by the Ministry of Government Services.

We appreciate why a better inventory has not existed. The cost of recording the properties and all useful information would be enormous, particularly if the recording were done only for inventory purposes. A complete inventory and assessment of private properties for taxation purposes is being developed. We have examined the costs and feasibility of using this inventory as the nucleus of an inventory for property management within the Government, and are favourably impressed by the possibilities.

The Property Assessment Branch, Ministry of Revenue, hopes to have completed most of the task of collecting data by 1974. It would require very little effort to include government-owned properties in this inventory. The Branch has expressed a willingness to record information on government property in its computer-based records.

Ultimately, the central inventory might contain considerably more information than is required for assessment purposes, but the provision of this extra information should not be the responsibility of the Ministry of Revenue, nor should the Ministry be responsible for the distribution and updating of this information to program managers in all ministries. Aside from the obvious dangers of overburdening the Assessment Branch at this critical point, the Ministry of Government Services is better suited to organize the raw data and to distribute them in a useful form.

Therefore we recommend that:

- 11.17 A Government-wide centralized inventory of owned and leased real property assets be developed by the Ministry of Government Services, for the broad use of ministries and**

agencies. The inventory should be based on the assessment records of the Ministry of Revenue.

The continuous updating of the inventory will be facilitated if some notation of purchase, sale, lease or alteration in the status of properties, Crown lands and road or utility rights-of-way is processed regularly through the Ministry of Government Services. The assessment program covers the organized municipalities and territories of the Province, but will not include large areas of Crown land in Northern Ontario. Obviously, in the case of Crown Lands, detailed information should be gathered by the Ministry of Government Services only for those areas where there is some reasonable possibility of future use of the land, or the information is likely to be useful to a number of ministries.

The centralized real property inventory could provide a basis for the allocation of rentals to programs. The Ministry of Government Services will have both the information and the mechanism to allocate costs and to charge rentals consistent with the policy laid down by the Management Board. Also the inventory may serve as a basis for identifying underutilized properties, for cost comparisons, for locating an alternate site for a program facility, and for valuing government properties.

At present the provincial balance sheet includes the property assets of the Province at a nominal figure. This practice is understandable since the Province's debt is secured by its taxing power, not its real property assets. We believe that for the information of both Government and public it is desirable to have the value of these assets stated somewhere on a regular basis so that this enormous investment is never lost to sight. We prefer that this statement be adjacent to but not on the balance sheet.

Therefore, we recommend as a first step that:

- 11.18 The Province's financial statement contain a footnote recording the assessed value of all government owned property contained in the central inventory. Notation should also be made of the annual cost of leased property and of the major types of property not recorded in the inventory.**

Whereas the central inventory based on the assessment records will provide some information of use in land planning, it will be limited to a description of present land use, not land quality, productivity or potential uses. However, a great deal of this type of information, which relates to land use, is available at present among many programs of the Government. At least 50 such data banks were counted; there probably are many more. They record such things as timber potential, scenic values, soil productivity and geological formation. Land-use planners with whom we spoke felt they

could often make more use of a wider selection of information if it were available and in a more compatible form. The various data banks use different forms of storage and collect information on different bases such as counties, conservation areas and timber stands.

In examining the need for planning information, we concluded that an inexpensive first step would be to prepare a directory of land management files maintained in all ministries of the Government. The directory should consist of a summary table listing the files and describing briefly the characteristics of the information contained. The body would contain a more complete description for use in assessing the information. The Ministry of Government Services, as a central unit, would coordinate the preparation of a directory.

Therefore we recommend that:

11.19 The Ministry of Government Services compile and distribute a directory of land management files to program managers responsible for land-use planning.

The need for a cost allocation system for real property has been outlined. The Ministry of Government Services will be required to process the accounts in order to charge users with accommodation rentals and holding and operating costs. The Ministry of Treasury, Economics and Intergovernmental Affairs, which is responsible for accounting policies, will share with Government Services the design of a simple effective system of allocation. The Ministry of Government Services should also be able to provide financial information to managers which will assist them in cost control and analysis.

Consulting Services

A further major function of the Ministry of Government Services related to real property will be to offer consulting advice and undertake special assignments for the Management Board or ministries, at the initiative and request of the client. In this way, the Management Board will have the advantage of the Ministry's experience and assistance in the development of policy and standards on real property, but the Board would have responsibility for enforcing the standards. Program managers could have special studies made to assist them with decisions related to the use of buildings and lands supporting their programs. If the expertise for a satisfactory consulting service did not exist within the Ministry of Government Services, it could commission outside firms. As for performance audits of the management of real property against the guidelines, the Management Board would undertake these with the support of its secretariat, and would use the specialized services of the Ministry of Government Services in this capacity.

RESIDENTIAL ACCOMMODATION

A number of programs in the Government, including some in the Ministries of Community and Social Services, Colleges and Universities, and Health, as well as the Ontario Housing Corporation, and the Ministry of Government Services, are involved in the provision of residential accommodation. Whether it is housing for students, nurses, government employees or members of the public at large, this accommodation has much in common. However, a comparison showed significant variations, on a per unit basis, in construction cost and time owing to the application of different standards, varying degrees of building experience, and construction methods and volume, since each program has tended to operate separately.

With the exception of those of the O.H.C., most housing programs cater to a rather specialized need. The staffs of these programs bring a unique and important perspective to the design of the building in reflecting the client's requirements. However, the staffs seldom possess much of the special expertise required to supervise construction or to evaluate plans submitted for grant purposes. The Ontario Housing Corporation has a great deal of experience in this regard. In addition to ordinary types of housing, its experience covers student housing. At present, it is embarked on a project shared with the Ministry of Community and Social Services to build a complex combining senior citizens' housing and units for the aged needing more intensive care.

We have recommended that the Ministry of Government Services, with few exceptions, provide technical property services for all programs. This would not apply to programs where the construction of residential accommodation by an outside agency is supported by grants. But in both these circumstances, we believe the specialized skills of the O.H.C. should be used where they can be helpful.

Therefore we recommend that:

- 11.20 The Ministry of Government Services and the programs which support the building of residential accommodation through grants be encouraged by the Management Board to use the services of the Ontario Housing Corporation as consultant or construction manager.**

The Management of Residential Accommodation

The Ontario Housing Corporation has anticipated the increasing difficulty of managing directly the rental units it owns throughout the Province. At present, over 50 per cent of all rental units, including those in Metropolitan Toronto, are under direct management. Local housing

authorities administer O.H.C. rental units in 43 municipalities. A study was underway for O.H.C. at the same time as our study, to examine in depth the problems arising from the present organization of residential property management. Discussion took place between the study groups to avoid duplication of effort. This report does not attempt to incorporate or summarize the conclusions of the more specialized study, although we believe that there was common support for the principle.

We therefore recommend that:

- 11.21 Decentralization should take place in the management of O.H.C. rental units to increase local participation, to create local responsibility in tenant selection and relations, and to relieve O.H.C. of the burden of direct management.**

The successful implementation of this principle would allow O.H.C. to concentrate more on developing innovative approaches to providing housing in cooperation with the private sector which we feel is desirable if substantial numbers of high quality but inexpensive housing units are to be provided in the future. In many cases O.H.C. has been following this course already by extensive use of the proposal-call technique, by providing some mortgage support for condominium construction, and by encouraging modular dwelling unit construction. Indeed, if the problems of maintenance and management for O.H.C. could be eliminated by selling off rental units to tenants, the Corporation could apply more of its energies and experience to the financing of condominiums and the H.O.M.E. program.

Government Employee Housing

There are over 1,200 units of government owned housing in various communities in the Province which are rented, often on a subsidized basis, to employees. The reasons given for continuing this perquisite are several. It is desirable that some public servants, such as O.P.P. officers and Ontario Housing staff, live near their jobs. Other jobs are in isolated places where no reasonable market for housing exists; transfers of personnel can be much more easily effected if the employee does not have to buy or sell a house. It is difficult to weigh up these factors, which are important in the program context, against the costs of subsidizing rentals and, in some cases, maintaining some very old houses. On the other hand, there are situations where the housing market in the community has developed since the government houses were built or bought, and where the public servant could own his own house in an adjacent subdivision with some savings to the Government.

It is our hope that the Management Board will look particularly closely at the provision of housing to public servants. We consider that the

following criteria may be helpful in the evaluation.

- ♦ In areas where a normal housing market exists, government employee housing will be offered for sale, except where program managers can prove the need for its retention.
- ♦ Where housing is retained, the employee shall be charged a fair rental based on the appraised market value of the house.
- ♦ If the rental charged is out of line with the employee's income, a subsidy shall be charged to the program based upon income, using formulae developed for public housing by the Ontario Housing Corporation.

POLICY CONSIDERATIONS

In our study of real property management we identified some issues which we believe are matters of policy rather than managerial practice and are beyond our terms of reference. Nevertheless, it may be helpful to identify these instances where, according to the policy course chosen, different responses at the managerial level will be appropriate.

The Role of the Ontario Housing Corporation

The first issue concerns the future role of the O.H.C. The Corporation has emerged rapidly as a major factor in providing residential accommodation in Ontario. It was founded in 1964 to enable the Province to share in substantial federal grants available for housing. Since then, it has grown to be one of the largest landlords on the continent, with 45,996 rental units under administration, 10,086 under construction and 12,991 in the pre-construction stage.

By 1980, if the present rate of growth is sustained, the O.H.C. could have 100,000 rental units housing 350,000 people. Because many of the units are rented at amounts geared to the tenant's income, the current level of subsidy to rentals averages over \$1,000 per unit per annum. In the financing of condominiums, the Corporation has assisted as mortgagor for several thousand units in the last two years through its guaranteed mortgage plan. Through its H.O.M.E. plan it has made home ownership a reality for about 21,700 homebuyers since 1967; made up of 10,700 fully serviced lots and 11,000 condominium units. In all, the O.H.C. has been active in one way or another in some 20 to 25 per cent of all housing starts in the Province during the last couple of years.

The level and scope of the Corporation's activity has left uncertain the relationship between the O.H.C. and private sector suppliers of accommodation. The Corporation is involved with principal issues in the areas of social planning, regional development and local government. The question is raised as to which Minister the Corporation should report to, the Minister's responsibility in developing housing policy for both the O.H.C. and the private sector, and the appropriateness of O.H.C. supporting the Minister in this policy development. With a high demand for good quality housing at lower costs, it appears that a clear housing policy is needed to remove the delays in the processes of official approval, to give direction to the efforts of the private sector, and to take overall responsibility for planning residential construction, redevelopment and renovation.

Land Banking

To some extent in the past, the Government has anticipated its

following criteria may be helpful in the evaluation.

- ♦ In areas where a normal housing market exists, government employee housing will be offered for sale, except where program managers can prove the need for its retention.
- ♦ Where housing is retained, the employee shall be charged a fair rental based on the appraised market value of the house.
- ♦ If the rental charged is out of line with the employee's income, a subsidy shall be charged to the program based upon income, using formulae developed for public housing by the Ontario Housing Corporation.

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Land Banking

To some extent in the past, the Government has anticipated its

needs for land among various programs, and has acquired property in advance of actual development. Highway widening strips, land assemblies for housing, and recreational area reserves are examples of this. However, mounting pressures, particularly in urban areas, for more intensive development and use of real property, will make it desirable that the Government do more banking of property. This practice will help to minimize the use of expropriation powers with attendant delays for due process and higher costs often required to permit the optimal location of facilities. It will also aid in the preservation of important parts of our provincial heritage.

However desirable land banking may be, land should not be banked against a possible future need without a careful evaluation of the costs of holding the land versus the ultimate program benefits to be gained by its acquisition in advance of actual requirement.

We suggest that proposals for the acquisition of parcels of land for a bank be evaluated as to their eventual use by the Policy and Priorities Board, and that the cost of acquisition, plus holding costs, against benefits be analyzed by the Management Board prior to any recommendation to Cabinet.

To be effective, land banking depends upon long-range planning and priority setting at a regional and program level. The regional development plan, properly used, serves as a coordinating mechanism among programs in different ministries, reflecting the broad priorities of place and time which have been approved at Cabinet level. The program plan, set in the context of the development plans for each region, reflects the best judgment, as to specific time, place, quantity and cost, of those responsible for the delivery of public service.

In the absence of these plans, property may be bought too soon with increased holding costs but no improvement in the benefit. Or the purchase may be made too late, after higher-use zoning has been granted or new development has taken place on the property, increasing the market value. If too little property is bought initially because of poor planning, it may be very expensive to enlarge the holding afterwards. The purchase of too much property, or worse still, an acquisition which is not well located for subsequent service, wastes program resources needlessly.

It is unlikely that it will be necessary to buy property for a particular program many years in advance. Some properties will still be available at a reasonable price at the time of development. Also, the Province's limited resources will support only selective stockpiling, so that present services do not suffer from a lack of funds. Hence, priorities must be considered in making a purchase.

In our view, all acquisitions for a land bank should meet one of two tests. On one hand, the property might be acquired for the land bank if a unique natural resource, site or building which the Government had an ultimate interest in preserving were threatened by irreversible destruction or alteration. On the other hand, the purchase might be made if the accumulated holding costs could be shown to be less than the estimated increase in market value to the time of development for the property.

In accordance with other recommendations we have made, the holding costs should be charged to the appropriate programs and include the full range of actual and imputed charges. The costs of interim maintenance and management, the interest on the amount invested, and the grants in lieu of taxes which will be paid on the property, become fair assessments against the current funds voted to the program. They should not be accrued or capitalized until the commencement of development. Because of a tendency for holding costs to accumulate rapidly, and ordinarily to outrun the increase in market value in a very short time, the program manager should be interested in comparing alternatives for a relative advantage.

The needs of the program and the judgment of the program manager in planning and priority setting are important in land banking. We believe all acquisitions for the bank should be on the basis of specific programs, and therefore the program manager should initiate the proposal for acquisition. Where two or more programs will share in the development, such as a utility corridor or a new community, the Management Board should designate one program to act on behalf of the others, costs being shared. The Province's resources are not adequate to allow the purchase of land for which no program purpose exists at the time of acquisition, and we cannot support a land-banking program by a central body without reference to program needs. This does not preclude the Ministry of Government Services assisting with the acquisition or interim management in a service capacity. Nor does it prevent the establishment of a revolving fund for acquisitions to assist programs in banking lands.

In many instances, public investment in a property may cause the value of surrounding properties to increase. Some suggest that, to curb land speculation, and to allow the public to reap the gains from a rise in value, the Government ought to acquire more land than is needed for program purposes, selling the surplus back to private interests at a later time. We do not endorse this for several reasons. First, substantial acquisitions will be needed for public program purposes; we doubt there will be funds available for purchasing surplus lands. The Government's limited resources should not be dissipated. Second, with the direct revenue-raising powers it possesses, we see no need for the Government to profit from investments at some possible risk to the public interest. Third, there is no evidence to indicate that government speculation would dampen private land speculation in the slightest.

To supplement the effectiveness of land banking, the Government has extensive powers to control the use of land in the public interest. Zoning powers of the local governments are subject to the approval of the Provincial Government. The regional development plans, and the Province's provision of the basic facilities to implement these, such as roads, water supplies, and economic incentives, are a substantial guiding influence over local and private planning. The Government may even direct the use of privately held lands in the public interest, although it usually does not choose to do so without compensation. The Government may also control land by lease and by negotiation of easements or rights. Hence, it may not be always necessary for the Government to make an outright acquisition to control land use. All alternatives should be considered before a proposal is made for acquisition of title for the land bank.

Transfers of Property at Market Value

There are occasional instances where, because of strong local pressures, a property owned by the Province is given or sold for a nominal sum to other governments or semi-public agencies. This is in effect a gift by the citizens as a whole to a particular group, and generally it goes unnoticed. However, a policy or even legislation prohibiting transfers at other than the appraised market value will be useful, while not precluding such transfers from taking place. If it is still desirable that the gift be made, a grant equal to the cost of the property could be given to the body purchasing the property. This would have the advantage of giving attention to the value of the gift, and would further support the recognition of the dollar value of many properties underutilized at present.

A Geographical Referencing System

To improve the technical level of information storage, the compatibility of data, and the usefulness of the available information in land-use planning, we looked into several alternative developments which might be undertaken beyond the preparation of a directory of land management files, which we have recommended. We concluded that a geographical referencing system would be most useful for land-use planning if adopted by other provincial programs to describe property for purposes such as title registration and assessment.

Geographical referencing gives a location address to individual properties by means of coordinates or a geocoded description from a common base. The address is like a nickname. It can be used in indexing and for determining the location of properties and can be stored easily in a computer.

A system of geographical referencing has been begun in some

other jurisdictions. It is more completely described in the Report on Land Registration of the Ontario Law Reform Commission, and the Commission recommended the use of the system for the index of properties in the proposed Land Registration System. A land registration system must also make arrangements for creation, description and location of boundaries; these arrangements can use traditional surveying techniques or a coordinate control system. The arrangements for indexing and the arrangements for boundaries can usefully overlap in a land registration system, but the highly accurate surveying necessary for boundaries is not required to obtain most of the benefits of geographical referencing in land-use planning. Nevertheless, our estimate of cost to introduce a less complete geocoding of land parcels from a set of consistent base maps was approximately \$8 million and it would take up to five years to complete. About \$7 million of this amount would be required for the base mapping and \$1 million for implementing the computerized storage and retrieval system.

Using these estimates, we chose not to recommend a separate geographical referencing system developed and designed solely for land-use planning. It seemed to us that a cooperative and comprehensive system made more sense as soon as all parties in the private and public sectors could agree that the necessary resources and technology were available to undertake this massive job. The leadership for conversion to a geographical referencing system should come from the Surveyor General and from those programs more deeply involved in the problems of converting critical public data banks. But because of the significance of geographical referencing to so many programs, it seems appropriate that a policy decision be made to coordinate the efforts leading up to its implementation.

Ownership or Leasing

At present, the Government has no general policies which favour ownership over leasing of facilities, or vice versa. In recent years a mix of the alternatives has been used, often for reasons other than whatever long-term cost advantages there are for one alternative over another.

In some cases, the required facilities may be in isolated places or have special purposes, such as detention centres. It is not common for a private owner to want to own those properties and to lease them back to the Government, so the Government has no choice but to be the owner. Ownership may be a more convenient way to ensure control over the design and quality of the finished structure. Also, it allows the Government to locate buildings in depressed or otherwise undesirable areas where private interests would be reluctant to develop.

On the other hand, leasing is sometimes necessary to get a large quantity of space in a short time. It relieves the heavy inroads made by

capital construction on the Government's sources of funds. In recent years, when programs and their staffs have been growing rapidly, leasing has given the Government the necessary space for the short run while a long term accommodation program and building schedule was being worked out. Leasing has become increasingly common for other reasons. Private developers are now more often willing to venture into the construction of unusual buildings. Leases can be structured in such a way as to give the tenant great flexibility to make changes to the buildings over the lease term. Today it is also common for buildings to become functionally obsolete before they have physically deteriorated. The Government's practice of building to very superior standards is no longer appropriate and should less often stand in the way of lease arrangements with private landlords.

We believe the Government should continue to combine ownership and leasing, but that government policy should identify the circumstances where the one is to be preferred over the other. We would suggest that, where the Government is proposing a facility to serve in the same location for a very long time, then ownership is the preferred course. This could apply to office buildings as much as to special purpose facilities. With an office building, there may be more opportunities to employ innovative techniques, such as proposal-calls for construction or sale-leaseback and repurchase, which confer the advantages of ownership but combine these with talents and capital from outside the Government.

The situation in Queen's Park is a very special example of ownership or some control over building projects being preferred to leasing space. The concentration of government offices has placed extreme pressure on the rentals asked for buildings leased in the area. The Government can make significant dollar savings by avoiding long-term leases here.

On the other hand, in markets where good leased facilities are common and rentals are competitive, and where the Government wishes to avoid a long-term commitment, we are inclined to favour leasing general purpose accommodation such as office space. Leasing relieves the Government of the responsibility of building management, and alleviates the pressures on provincial revenues for capital funds. It permits a somewhat more objective look at the most effective means of program delivery between undertaking some services within government and contracting them to the private sector.

SUMMARY OF RECOMMENDATIONS

Interim Report Number One

The C.O.G.P. recommended that:

1. THE AUDIT FUNCTION

- 1.1 The Audit Act be amended to remove from it the requirement for the Provincial Auditor to examine requisitions for expenditure of funds within approved appropriations before a cheque may be issued.
- 1.2 The present pre-audit function be transferred to the Comptroller of Accounts as in interim step.
- 1.3 The Treasurer of Ontario be empowered, on the advice of the Comptroller of Accounts, to transfer the pre-auditing function to departments as they demonstrate their capabilities to maintain adequate legal and accounting controls of expenditure.
- 1.4 The Provincial Auditor assume the role of financial auditor of accounting systems and transactions.
- 1.5 The Comptroller of Accounts establish criteria for the adequacy of accounting system performance, measure the effectiveness of each department's system against the established criteria and develop a plan to upgrade those systems found wanting.

2. DEVELOPMENT OF TOP ADMINISTRATORS

- 2.1 The government formulate a policy and implement a planned program designed to give selected managers the opportunity to obtain 'corporate', inter-departmental experience. Since the example of style in management comes from the top, this program should initially be limited to a group of approximately 100 people: deputy ministers, assistant deputy ministers, heads of ministerial agencies and equivalent ranks.

3. MANAGEMENT OF SUPPLY AND SERVICES

- 3.1 The Treasury Board be responsible for the approval and publication of the Government's purchasing and supply policies and procedures.

- 3.2 The Central Supply Division, Department of Public Works, be responsible for developing policies and procedures for the approval of Treasury Board.
- 3.3 The role of the Central Purchasing Committee be modified to that of an advisory committee.
- 3.4 Central Duplicating should be the only large government duplicating facility serving all departments that are within easy access of the Queen's Park complex. Treasury Board will be responsible for deciding whether users can justify their own facilities based on remoteness.
- 3.5 Departments should be responsible for the operation of copy centres for small volume and urgent work.

4. PARLIAMENTARY ASSISTANTS

- 4.1 Parliamentary Assistants be appointed to provide specialized assistance for ministers in charge of major departments.

5. CABINET COMMITTEES AND SUPPORT STAFF

- 5.1 The government consider the increased use of Cabinet committees and the provision of the necessary support staff.

6. TASK FORCES

- 6.1 The government consider making increased use of task forces, as defined by the C.O.G.P., to take problems crossing functional lines or involving more than one department or agency.

Interim Report Number Two

The C.O.G.P. recommended that:

5. CABINET COMMITTEES AND SUPPORT STAFF

- 5.2 The Cabinet establish two senior Cabinet committees, the Policy and Priorities Committee and the Management Committee.
- 5.3 The chairmen of these committees be ministers without operating responsibility.
- 5.4 The Cabinet establish a Legislation Committee.

5.5 The Cabinet establish Coordinating Committees.

5.6 The Cabinet committees be supported by additional secretarial resources.

5.7 The Cabinet accept more formalized procedures.

7. INTEGRATION OF PAYROLL AND PERSONNEL INFORMATION

7.1 A system of centrally collecting basic data on employees which is integrated with the central payroll system be approved and that a program of integration be implemented.

Interim Report Number Three

The C.O.G.P. recommended that:

8. STRUCTURE OF GOVERNMENT

8.1 Policy Ministers without operating responsibilities be appointed to devote full-time attention to setting priorities, to providing leadership in policy development, and to coordinating related programs of government within their respective policy fields.

8.2 The Policy and Priorities Board of the Cabinet be composed of the Prime Minister as Chairman, the Chairman of the Management Board of Cabinet, the Minister of Finance and Intergovernmental Affairs, and the Policy Ministers.

8.3 A Social Development Policy Field be established containing the following Ministries: Colleges and Universities, Education, Health, and Housing and Social Services.

8.4 An Environment and Resources Development Policy Field be established containing the following Ministries: Agriculture and Food, Environment, Labour, Natural Resources, Trade and Industry, and Transportation and Communications.

8.5 A Justice Policy Field be established containing the following Ministries: Attorney General, Correctional Services, Public Protection.

8.6 Policy field committees of Cabinet be established. In each case, the membership of these committees would be all of the Ministers within a particular policy field, chaired by their Policy Minister.

- 8.7** A Ministry of Finance and Intergovernmental Affairs be established.
- 8.8** Parliamentary Assistants be appointed to assist the Minister of Finance and Intergovernmental Affairs.
- 8.9** A Ministry of Revenue and Government Services be established, with primary responsibility for:
- a) administering the collection of revenues, and
 - b) the provision of common services.
- 8.10** The Minister of Revenue and Government Services be a member of the Management Board.
- 8.11** The following principles be applied in the delivery of common services:
- a) policy and standards on the delivery and use of common services be approved and promulgated by the Management Board;
 - b) charges for services provided by the Ministry of Revenue and Government Services be levied to customer ministries on a full-cost basis;
 - c) ministries be allowed to obtain services within or outside the Government;
 - d) some of the common services need not be centralized under the Ministry of Revenue and Government Services but could be delegated to units within ministries that have specialized expertise.
- 8.12** The Management Board consist of a full-time Chairman, at least one Minister from each policy field, the Minister of Finance and Intergovernmental Affairs, and the Minister of Revenue and Government Services.
- 8.13** The Chairman of the Civil Service Commission report to the Chairman of the Management Board.
- 8.14** The Department of the Civil Service cease to exist and that its staff become the staff of the Civil Service Commission.
- 8.15** The Chairman of the Civil Service Commission cease to be known as the deputy minister of the Department of the Civil Service, but that he continue to have deputy minister status.

- 8.16 One or more Commissioners with personnel expertise be appointed to the Civil Service Commission from outside the Public Service.

- 8.17 The Civil Service Commission continue to provide advice on personnel policy to the Management Board and personnel services to ministries. Ministries be allowed to provide such personnel services as recruiting and staff training for themselves or be given the option of purchasing such services either from the Civil Service Commission or from outside Government.

- 8.18 The decision to leave the central supply of personnel services within the Government with the Civil Service Commission be reviewed by the Management Board within 5 years, with the object of transferring some of those services to the Ministry of Revenue and Government Services.

- 8.19 The Management Board restrict itself to control functions and that all service functions, except those affecting personnel, be transferred to the Ministry of Revenue and Government Services.

- 8.20 A small secretariat be established for each policy field to provide the Policy Minister with analytical and administrative support. These appointments should be for a specific, renewable term (2 to 5 years). The search for suitable candidates should not be restricted to the Public Service.

- 8.21 A Secretary with the status of a deputy minister be appointed to head each policy field secretariat. These appointments, that of the Deputy Minister of Finance and Intergovernmental Affairs, the Secretary to the Management Board, the Secretary to the Cabinet, and the Deputy Minister of the Department of the Prime Minister should be for a specific, renewable term (2 to 5 years). The search for suitable candidates should not be restricted to the Public Service.

- 8.22 An advisory and support group for the Policy and Priorities Board be formed, made up of the three policy field Secretaries, the Deputy Minister of Finance and Intergovernmental Affairs, the Deputy Minister of the Department of the Prime Minister, the Secretary to the Management Board, and the Secretary to the Cabinet, who would act as Chairman.

- 8.23 The Secretary to the Cabinet provide a committee secretary to the Policy and Priorities Board and each of the other committees of Cabinet, except the Management Board, to assist in the preparation of agenda and minutes, in order to ensure consistency of format and coordination of information flow.

Interim Report Number Five

The C.O.G.P. recommended that:

9. AUTOMATIC DATA PROCESSING

- 9.1 The Management Board of Cabinet be responsible for establishing the broad guidelines within which A.D.P. is used in the government; and that all existing service functions now performed by the Management Board be transferred elsewhere.
- 9.2 A small number of senior personnel in the Management Board coordinate, control and evaluate A.D.P. services provided to ministries.
- 9.3 The systems and programming function be organizationally separated from the computer services function.
- 9.4 Competition for government business be encouraged between government and commercial computer centres.
- 9.5 A computer services agency be established within a Ministry of Revenue and Government Services to manage all computer facilities in the Ontario Government.
- 9.6 Commercial systems and programming firms be allowed to compete with the government systems and programming service for government business.
- 9.7 a) Most systems and programming personnel in the Ontario Government be managed centrally by a systems and programming agency located in the Ministry of Revenue and Government Services.
- b) Where a ministry can demonstrate, to the satisfaction of the Management Board, that it has a continuous need for a small number of highly specialized analysts and programmers, the ministry be permitted to retain these specialists in its own organization. This special ministerial need should be reviewed annually by the Management Board.

- 9.8 One or more systems coordinators be appointed in each ministry as an integral part of its management and with responsibility for advising on all aspects of the use of A.D.P. and for procuring all A.D.P. services.
- 9.9 Implementation of the recommendations in this report be completed before December 31, 1974.

Interim Report Number Six

The C.O.G.P. recommended that:

7. UTILIZATION OF HUMAN RESOURCES

(The present broken numerical sequence of the recommendations is provisional.)

- 7.1 See under Interim Report Number Two.
- 7.2 A goal setting and performance review system based on output be developed for individual jobs.
- 7.3 Managers receive training to upgrade their general skills and to familiarize them with personnel management practices.
- 7.4 An effective and comprehensive system of manpower planning be devised which coordinates the actions of the Premier, the Ministers and/or their ministry designees and the Management Board.
- 7.5 Selection standards emphasize the output aspect of a particular job rather than formal qualifications, while not underrating their basic importance.
- 7.6 Where possible, at least three eligible candidates be identified for each vacant position through appropriate publicity and a progressive search of related manpower inventories in the Public Service; and that the search be extended outside the Public Service, if this is desirable.
- 7.7 New entrants into the Public Service be permitted to purchase pension credits.
- 7.8 Decisions on training and development be made the responsibility of program manager, the costs of training being allocated to the program.
- 7.9 More opportunities for on-the-job training be provided.

- 7.10 Ways be provided in which an employee can assist in planning his own career.
- 7.11 The present system of centralized control of classification be converted to one under which standards would be approved by the Management Board to assure Service-wide uniformity, and by which the responsibility for applying classification standards would be delegated to each ministry.
- 7.12 Classification specialists available in the Public Service be reassigned as needed in the ministries to apply classification standards.
- 7.13 A simplified classification system be developed, based on broadbanding.
- 7.14 Pay research be undertaken for key benchmark jobs which is directed to a comparison of outputs, rather than a comparison of common elements, such as duties, qualifications or experience.
- 7.15 An effective Service-wide master classification system be developed which related all positions on a job comparison basis and employs a single salary structure.
- 7.16 An effective merit pay system be introduced based on performance review.
- 7.17 The impact of province-wide pay rates be assessed.
- 7.18 A comprehensive and equitable sick leave plan be developed to give income protection based on need.
- 7.19 The system of giving attendance credits be discontinued when a sick leave plan based on need has been introduced.
- 7.20 A review of insurance plans related to life and health be undertaken.
- 7.21 An adequate information program for employees be developed by the Management Board to publicize the conditions under which leaves of absence may be granted.
- 7.22 The pension plan permit early retirement, based on equitable formulae, for senior public servants at the initiative either of the Government or of the employee.

- 7.23 A pension plan be designed which offers increased protection against inflation.
- 7.24 The Management Board be responsible for the approval of benefits policy.
- 7.25 The program manager, assisted by the Civil Service Commission and the Ministry of Government Services in a service capacity, have prime responsibility for keeping the employee informed about benefits.
- 7.26 The Ministry of Government Services handle the actuarial design, collection of contributions, and payments under the benefits plans; and that it deal also with financial aspects of post-retirement counselling.
- 7.27 The Ministry of Treasury, Economics and Intergovernmental Affairs manage the contributions to benefits; and that the same Ministry, with the assistance of officers from the Ministry of Government Services, have responsibility for policies and standards governing benefit accounting systems.
- 7.28 An effective post-audit system be established by the Civil Service Commission to ensure that ministerial personnel procedures are consistent with policies and guidelines approved by the Management Board.
- 7.29 The Civil Service Commission appoint a limited number of specialists highly skilled in staff relations, to assist in planning and to provide support for the development of policy and long-range goals.
- 7.30 The alternatives of make or buy be considered in the delivery of personnel services.
- 7.31 An expanded counselling service be developed, in which basic responsibility for counselling resides with the program manager, supported by the ministerial personnel officer; and that professionally qualified central coordinating staff should also be available to recommend referral to community counselling services, if required.
- 7.32 The personnel management guidelines emphasize to the manager the need for adequate training and careful counselling before initiating transfer, demotion, or the ultimate step of dismissal.

- 7.33 Hours of work in the Public Service be arranged which best serve the convenience of the public and the attainment of job goals, but which will accommodate employee preferences where possible.
- 7.34 Upgrading of inferior facilities be continued.
- 7.35 The cost of improvements to physical working conditions be charged to programs.
- 7.36 For cases where a public servant is moved at the request of the employer, a policy be developed to protect the employee against unreasonable expenses and against having to sell his home at less than fair market value.

Interim Report Number Seven

The C.O.G.P. recommended that:

10. COMMUNICATIONS AND INFORMATION SERVICES

- 10.1 Cabinet develop and make public a government communications policy and support the development of the guidelines necessary to give effect to this policy.
- 10.2 All program managers be responsible and accountable for the communications components of their programs within the context of the Planning, Programming, Budgeting System.
- 10.3 In conjunction with the Management Policy Branch of the Management Board Secretariat, each ministry review its current information programs and structure and assess the need for a communications planning capability, and separation of this function from the Information Service unit.
- 10.4 Each policy field secretariat appoint, for a limited term, a senior communications advisor with responsibilities to prepare communications plans for the secretariat, and help coordinate communications activities within the policy field.
- 10.5 The Ministry of Treasury, Economics and Intergovernmental Affairs appoint for a limited term, a senior communication advisor with responsibility to recommend communication plans for its major programs.

- 10.6 In conjunction with the Management Policy Branch of the Management Board Secretariat, each deputy minister be responsible for development and implementation of a program to improve internal ministry communications.
- 10.7 The Policy and Priorities Board of Cabinet and the policy field committees be responsible for improving inter-ministerial communications and for coordination of government news releases to the news media and the public.
- 10.8 Ministries require that communications expenditures be budgeted on the P.P.B. system and in submissions to Management Board, communications sub-program budgets be isolated and identified when expenditure is over \$25,000.
- 10.9 Communications expenditures be identified and accounted for as distinct costs.
- 10.10 Ministries require that requests for all program-associated communications budgets over \$25,000 should be supported by statements of goals and objectives which lend themselves to measurement; and that major communications projects over \$100,000 should be supported by appropriate pre- and/or post- effectiveness analysis, and report of this analysis be available to Management Board.
- 10.11 A media purchase inventory function be established in the Ministry of Government Services; and advertising space and time purchasing orders be standardized throughout the Government with the client heading reading 'Province of Ontario', a sub-heading identifying the ministry, and provision for indicating discount rates.
- 10.12 Management Board acquire the necessary expertise and advice to assure that ministry communications plans submitted for review can be assessed for expense identification and presence of adequate cost/benefit analysis and consideration of alternatives.
- 10.13 A province-wide or regional no-charge telephone service be explored and tested on an experimental basis by the Citizens' Inquiry Branch.
- 10.14 The Community Information Centre program of the Ministry of Community and Social Services become a Branch of that ministry headed by a director.

- 10.15** The Community Information Centre Branch study and test new approaches to the information centre concept.
- 10.16** The Management Board be responsible for identifying the most appropriate way to evaluate and coordinate all ministry field information programs and complementary private sector programs.
- 10.17** The Director of the Citizens' Inquiry Branch be responsible for conducting tests to identify, tabulate and analyze information on citizen interests and concerns received via the telephone inquiry service and from community information centres now operating, with the objective of determining whether these systems can provide to Government useful indications of citizen concerns and attitudes.
- 10.18** Program Managers within Government define their need for communications planning training and development, and Ministers and deputy ministers encourage such effort by tuition-fee coverage; leaves of absence, seminar sponsorship or other measures.
- 10.19** The Civil Service Commission obtain, from among other sources, the assistance of the Information Officers Forum to determine ways and means of providing more training and development for information personnel, particularly in newer media techniques, and that the Government support such programs.
- 10.20** The Civil Service Commission and ministries consider communications as a key function in government, and communications training and experience as useful for top administrators, and as a potential base for program management.
- 10.21** a) The Office of Queen's Printer and Publisher be revised to the Printing Services Branch and be located within the Ministry of Government Services.
- b) The designation 'Queen's Printer' be vested with the Deputy Minister of the Ministry of Government Services to control imprint and title and to secure legal Crown copyright on all Legislative and other material printed by Government.
- 10.22** The Government Duplicating Service be assigned to the Printing Services Branch and its operating policies be developed by the Printing Services Branch for the approval of the Management Board.

- 10.23** Responsibility for developing guidelines and procedures for the production and distribution of legislative printing be vested with the Printing Services Branch for approval of Management Board.
- 10.24** The Printing Services Branch operate a Resource Centre responsible for:
- a) continuous cataloguing of all government publications and audio-visual materials;
 - b) the provision of a standard system of inventory management to provide perpetual inventory records;
 - c) a supportive warehousing and distribution system;
 - d) establishing an effective order-fulfillment system and depository service.
- 10.25** It be mandatory for all ministries, boards, agencies and commissions to provide the Resource Centre with prior notification of intent to publish.
- 10.26** The Government Bookstore facility be operated by the Resource Centre of the Printing Services Branch, and the need and desirability of expansion of the Bookstore or some other wider distribution method for Government resource materials be examined.
- 10.27** Information services as allocated in the new structure of government, and contained in 1972-73 programs continue to function for the remainder of the Fiscal Year, and policy fields and ministries complete reviews and introduce new organization and planning changes in Fiscal 1973-74 plans.
- 10.28** Advice and assistance on implementation be provided to Management Board, policy fields and ministries by use of a small, expert implementation team of communications experts from the Public Service and/or contracted from the private sector.

Interim Report Number Eight

The C.O.G.P. recommends that:

11. REAL PROPERTY MANAGEMENT

- 11.1 The Policy and Priorities Board of Cabinet continue to be responsible for recommending overall land-use policy to Cabinet in the form of urban and regional development plans.
- 11.2 Decisions on all land-use policy matters brought before the Policy and Priorities Board be from among alternatives recommended by one or more Ministers.
- 11.3 The responsibility for managing the real property resources used in a program rest with the program managers, within the budget estimates, policy guidelines and standards approved by the Management Board.
- 11.4 The responsibility for the Government's capital construction, repair and renovation program continue to rest with the Ministry of Government Services, within the budget estimates, policy guidelines and standards approved by the Management Board.
- 11.5 As part of its review of the budget for each program, the Management Board examine, in such detail as it considers necessary, the estimates of capital expenditure, costs of rentals and other real property requirements, and operating costs of accommodation necessary to support the program.
- 11.6 The Management Board establish an internal financial accounting system designed to allocate to program managers the cost of utilization of their real property resources in relationship to the cost of their program, thereby presenting the managers with an incentive to make responsible decisions on the requirements for, and provision and use of, their resources.
- 11.7 The Management Board develop a procedural policy to enable monies required for the rental and maintenance of the real property resources required by each program to be provided in the annual budget of the program, by legislative or other authority.

- 11.8 Programs be charged a rental for real property accommodation resources they use, based on the total rental costs the Government pays for properties it leases; or, where the Government is the owner, a rental rate based on comparable facilities; or, for institutional buildings which have no open-market value, a rental rate based on an amortization of cost formula; or, where present day costs are not determinable, a rental rate based on the calculated value of government occupancy.
- 11.9 The Ministry of Government Services provide or acquire all common real property services required by Government programs on request by, and to the satisfaction of, program managers, except where the Management Board sanctions an exception based on specialized expertise.
- 11.10 When ministries or agencies undertake major programs requiring real property services on an extended but not permanent basis, staff be assigned from the Ministry of Government Services to work exclusively on these programs.
- 11.11 The Ministry of Government Services set its charges for real property services on the basis of private sector fees, where comparison of the service can be made, and upon internally developed standard fees where no commercial fee benchmarks exist. The schedule of charges should be subject to the approval of the Management Board.
- 11.12 Property services from sources outside the Government be obtained for the program manager by the Ministry of Government Services except for services provided by units of specialized expertise which have been sanctioned by the Management Board.
- 11.13 The Ministry of Government Services be responsible for deciding whether it can provide the service with its own staff, or whether it must go to an outside source.
- 11.14 In instances where the program managers and the Ministry of Government Services disagree on the quality or cost of the property service, the matter be referred to the Management Board.
- 11.15 Substantially all cleaning, maintenance and repair service for general purpose buildings be contracted gradually to sources outside the Government.

- 11.16** Standard specifications for cleaning and maintenance be developed to guide contractors bidding on contracts and to permit evaluation of performance.
- 11.17** A Government-wide centralized inventory of owned and leased real property assets be developed by the Ministry of Government Services, for the broad use of ministries and agencies. The inventory should be based on the assessment records of the Ministry of Revenue.
- 11.18** The Province's financial statement contain a footnote recording the assessed value of all government owned property contained in the central inventory. Notation should also be made of the annual cost of leased property and of the major types of property not recorded in the inventory.
- 11.19** The Ministry of Government Services compile and distribute a directory of land management files to program managers responsible for land-use planning.
- 11.20** The Ministry of Government Services and the programs which support the buildings of residential accommodation through grants be encouraged by the Management Board to use the services of the Ontario Housing Corporation as consultant or construction manager.
- 11.21** Decentralization should take place in the management of O.H.C. rental units to increase local participation, to create local responsibility in tenant selection and relations, and to relieve O.H.C. of the burden of direct management.

APPENDICES



APPENDIX 1

EXECUTIVE COUNCIL OFFICE

OC-4689/69

Copy of an Order-in-Council approved by His Honour the Lieutenant Governor, dated the 23rd of December, A.D. 1969.

Upon the recommendation of the Honourable the Treasurer of Ontario and Minister of Economics, the Committee of Council advise that a special Committee, consisting of the following persons:

J. B. Cronyn	Chairman
G.H.U. Bayly	Member
C.E. Brannan	Member
A.R. Dick, Q.C.	Member
C.C. Hay	Member
G.R. Heffernan	Member
H.I. Macdonald	Member
A. Powis	Member
J.K. Reynolds	Member
R.D. Wolfe	Member

be appointed to inquire into all matters pertaining to the management of the Government of Ontario and to make such recommendations as in its opinion will improve the efficiency and the effectiveness of the Government of Ontario.

The Committee further advise that this inquiry to be known as the Productivity Improvement Project, not extend to the institution of the Legislative Assembly of Ontario.

And the Committee further advise that the Committee be authorized to adopt such procedures and methods as it from time to time deems expedient for the proper conduct of the inquiry and to engage the services of such counsel, staff, and technical advisers as it may require at rates of remuneration and reimbursement to be approved by Treasury Board.

Certified

Clerk Executive Council.

THE MANAGEMENT OF REAL PROPERTY RESOURCES STUDY

Buildings and Structures Study

Gordon C. Gray <i>Project Director</i>	A.E. LePage Limited
P.E.H. Brady	P.E.H. Brady Consultants Limited
J.C. Davis	A.E. LePage Limited
Donald A. Dixon	A.E. LePage Limited
Alistair A. Lessels	A.E. LePage Limited
J.C. Marshall	A.E. LePage Limited
Herbert A. Noble	Canadian Real Estate Research Corporation Limited
T.B. Pickersgill	P.E.H. Brady Consultants Limited
David Reeves	A.E. LePage Limited

Land Use Study

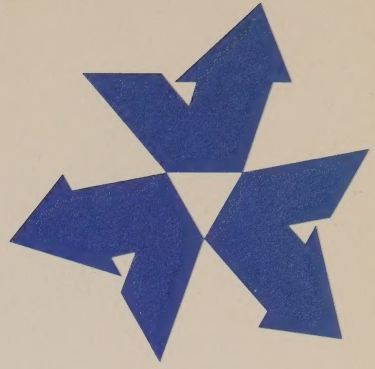
Philip H. Beinhaker <i>Project Director</i>	Kates, Peat, Marwick
William K. Best	Kates, Peat, Marwick
Michel Chevalier	Kates, Peat, Marwick
John R. Hearn	Kates, Peat, Marwick
John M. Henderson	Kates, Peat, Marwick
Neil A. Irwin	Kates, Peat, Marwick
Peter F.E. Lyman	Kates, Peat, Marwick
Richard A. McNally	Kates, Peat, Marwick
T. Douglas	Kates, Peat, Marwick
Howard White	Kates, Peat, Marwick

Advisory Committee

R.M. Thomson <i>Chairman</i>	The Toronto-Dominion Bank
Stewart M. Andrews	Community Development Consultants Ltd.
A.E. Diamond	Cadillac Development Corporation Ltd.
L.B. Ecroyd	Travel Industry Association of Canada
Dr. James Gillies	York University
T.R. Hilliard	Ministry of Agriculture and Food
H.A. Leal	Ontario Law Reform Commission
A.T.C. McNab	Ministry of Transportation and Communications
J.C. Thatcher	Ministry of Government Services
Donald R. Wilson	Niagara Parks Commission
Neil Wood	The Fairview Corporation Ltd.

Other Staff

Stephen A. Otto and David Y. Lewis of C.O.G.P. Central Staff participated in both studies. In addition, a number of public servants assisted the study team in special areas of study.



Committee on Government
Productivity, 9th Floor,
Ferguson Block, Queen's Park,
Toronto, Ontario.

